

The Honorable James L. Robart

UNITED STATES DISTRICT COURT  
FOR THE WESTERN DISTRICT OF WASHINGTON  
AT SEATTLE

MICROSOFT CORPORATION, a  
Washington corporation,

Plaintiff,

vs.

MOTOROLA, INC., MOTOROLA  
MOBILITY LLC, and GENERAL  
INSTRUMENT CORPORATION,

Defendants.

CASE NO. C10-1823-JLR

**DEFENDANTS' OPPOSITION TO  
MICROSOFT'S RULE 702 MOTION TO  
PRECLUDE TESTIMONY BY  
MOTOROLA'S EXPERTS**

**NOTED ON MOTION CALENDAR:  
Wednesday, July 31, 2013 at 10:00 a.m.**

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702 MOTION TO PRECLUDE TESTIMONY BY  
MOTOROLA'S EXPERTS  
CASE NO. C10-1823-JLR

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**Preliminary Statement**

Microsoft's *Daubert* motion against all four of Motorola's experts should be denied. Each expert—a Ph.D. economist, a German judge, an experienced Seattle attorney, and an expert on standards setting organizations—is fully qualified and will provide helpful testimony on different aspects of this complex case in order to assist the jury to reach its ultimate decision.

Microsoft's primary complaint against Motorola's experts is that they intend to offer testimony that contradicts or undermines the Court's prior orders in this case. Not so. Microsoft's allegations are based on mischaracterizations of the Court's orders and selective quotations from the experts' proposed testimony. None of Motorola's experts challenges this Court's prior orders, and Motorola has no intention of eliciting testimony that is contrary to the law of the case.

**Argument**

**I. RICHARD HOLLEMAN'S TESTIMONY DOES NOT CONTRADICT THIS COURT'S ORDERS OR CONTAIN IMPROPER LEGAL OPINIONS AND SHOULD NOT BE EXCLUDED**

Richard Holleman is a qualified expert who, based on his professional activities and more than 30 years of experience in international standards organizations, appropriately offers expert opinion testimony to assist the jury as required under Rule 702. Dkt. 725-001, ¶¶3-12; Declaration of Cheryl A. Berry ("Berry Decl.") Ex. A at 83:8-13. Microsoft's arguments to the contrary are not supported.

**A. Mr. Holleman's Report Presents Opinions On The RAND Commitment And Relevant IEEE And ITU Policies That Are Consistent With The Court's Prior Rulings**

Contrary to Microsoft's representations, Mr. Holleman's report does not "reject the Court's interpretation of the RAND licensing contract" or "directly contradict[] the Court's prior rulings." Dkt. 724 at 5. Instead, Mr. Holleman provides valuable and relevant expertise on the source of the RAND commitments that is wholly consistent with Court's prior orders.

**1. Mr. Holleman's interpretation of Motorola's RAND commitments is consistent with the Court's prior rulings**

Microsoft claims that Mr. Holleman contradicts the Court's ruling that Motorola's RAND commitments require more than just good faith negotiations. Dkt. 724 at 4-5. Not so. While Mr.

Holleman does say that “The RAND commitment is a commitment by the patent owner to engage in good faith bilateral negotiations,” Microsoft omits in its brief that Mr. Holleman goes on to say *in the same sentence* that the patent owner must engage in these negotiations “to license essential IPR on reasonable terms and conditions.” Dkt. 725-001 at ¶ 30. This is completely consistent with this Court’s ruling that, “Certainly, Motorola’s commitments to the IEEE and ITU require that it negotiate in good faith towards RAND terms” and also “require Motorola to eventually grant a license on RAND terms.” Dkt. 465 at 14. The other portions of Mr. Holleman’s report cited by Microsoft as “evidence” of contradictions of the Court’s orders also refer to a license issuing as the result of good faith negotiations: “the patent holder fulfills its RAND obligation by being willing to enter into good faith negotiations with all potential licensees who wish to negotiate, and attempting in good faith to reach a license on RAND terms and conditions *in such an agreement*.” Dkt. 725-001, ¶¶ 31, 36, 42 (emphasis added). Rather than showing that Mr. Holleman rejects the Court’s interpretation, these statements show Mr. Holleman’s opinion on the nature of the RAND commitment is consistent with the Court’s orders.

Furthermore, Mr. Holleman’s statement that negotiations “do not guarantee that the result . . . will be an executed license agreement,” also does not contradict the Court’s prior rulings. The ITU and IEEE are not compulsory licensing organizations. *See Berry Decl. Ex. A at 187:4-188:13*. This Court has held that Motorola must grant Microsoft a license under the specific circumstances of this case. *See Dkt. 465 at 14*. There may be other situations, however, involving different parties, where the parties are not ultimately able to reach a license agreement for any number of reasons, including that one party decides not to use the standard. Mr. Holleman’s opinions about commitments made in general to the IEEE and ITU do not contradict the Court’s rulings specific to these parties.

2. Mr. Holleman’s opinion on injunctive relief is not a legal conclusion and is consistent with the Court’s prior rulings.

Microsoft also mischaracterizes the Court’s rulings and Mr. Holleman’s testimony on the availability of injunctive relief. Microsoft’s statements regarding the Court’s November 2012

Order (Dkt. 607) are incomplete. Dkt. 724 at 6. While the Order enjoined Motorola from

1 “seeking injunctive relief against Microsoft with respect to Motorola’s H.264 and 802.11 standard  
 2 essential patent portfolios” (Dkt. 607 at 18), it also acknowledged that the ruling was specific to  
 3 the facts and rulings in this case at that time, and that injunctive relief could potentially be  
 4 available in the future: “The Court’s determination that injunctive relief is no longer available . . .  
 5 is based on the specific circumstances and rulings that have developed in this litigation. If, in the  
 6 future . . . circumstances change in a manner to warrant injunctive relief, Motorola may at that  
 7 time seek such relief.” *Id.* at 15.

8 Far from undermining the Court’s Order, Mr. Holleman’s report merely explains that “[i]n  
 9 [Mr. Holleman’s] experience, RAND undertakings made under SDO IPR policies are not  
 10 understood to limit the IPR holder’s legal rights to enforce its patents, including the right to seek  
 11 an injunction.” Dkt. 725-001, ¶ 23; *see also id.*, ¶¶ 15, 21, 39 (“neither the IEEE nor ITU policies  
 12 explicitly preclude a patent holder from seeking injunctive relief”), 60. These statements are not  
 13 legal opinions, as Microsoft incorrectly suggests. Dkt. 724 at 6. Rather, Mr. Holleman presents  
 14 information about language that is present in or absent from IEEE and ITU policies, and his  
 15 understanding of those inclusions or omissions in light of his 30 years of experience working with  
 16 international standards organizations. *See id.*, ¶ 6; Berry Decl. Ex. A at 91:18-21 (“My statement  
 17 is that the patent policies of IEEE and the ITU do not address injunctions in any way, and are  
 18 outside the scope of their patent policies.”); 93:7-23. Indeed, during his deposition, Mr. Holleman  
 19 declined to offer testimony specific to the facts of this case regarding whether Motorola could  
 20 have sought an injunction under various hypothetical scenarios presented by Microsoft’s counsel,  
 21 stating that “I believe that’s beyond the scope of my testimony relative to SDOs, and it would  
 22 involve some legal conclusions that I’m not qualified to give.” Berry Decl. Ex. A at 93:24-94:12;  
 23 *see also* 147:6-148:11. The opinions that Mr. Holleman does give on this topic are proper.

24 3. Mr. Holleman’s other opinions do not undermine prior rulings.

25 Microsoft is also unjustified in claiming that Mr. Holleman’s report “suggest[s] to the jury  
 26 that Microsoft acted improperly by filing this suit,” contrary to the Court’s prior rulings. Dkt. 724  
 27 at 5. Mr. Holleman makes no such suggestion. As Mr. Holleman made clear in his deposition

1 testimony, his statements about Microsoft's decision to file suit are merely a statement of fact  
 2 about Microsoft's lack of negotiation following Motorola's opening offer letters. Berry Decl. Ex.  
 3 A at 96:16-21 ("Q. And it's your opinion that by filing this action Microsoft refused to participate  
 4 in good faith negotiations, correct? . . . A. It's not so much my opinion, it's my understanding that  
 5 that did not take place."); *see also id.* at 96:22-97:13 ("Q: So you're not drawing any conclusions  
 6 in terms of your opinions based on the fact that Microsoft filed this lawsuit? . . . A: That's really  
 7 outside the scope of my testimony."). Microsoft itself admits that it "filed this suit on the  
 8 twentieth day after the first [offer] letter was sent," rather than engaging in any negotiations with  
 9 Motorola. Dkt. 733 at 6. Mr. Holleman should be permitted to discuss the parties' course of  
 10 conduct; this does not contradict the Court's order quoted by Microsoft that negotiating in good  
 11 faith for a license is not a condition precedent to Motorola's obligation to provide Microsoft with a  
 12 license on RAND terms.

13 Microsoft's criticism of Mr. Holleman for a single statement of fact regarding patent pools  
 14 and royalty stacking also mischaracterizes his testimony. Microsoft claims that Mr. Holleman's  
 15 opinion is that "Motorola's RAND licensing commitments do not require 'the patent holder to  
 16 consider royalty stacking or patent pool rates in formulating its opening offer.'" Dkt. 724 at 6.  
 17 What Mr. Holleman actually states is that "*there are no provisions in SDO policies* requiring the  
 18 patent holder to consider royalty stacking or patent pool rates in formulating its *opening offer*."  
 19 Dkt. 725-001, ¶ 47 (emphasis added). Mr. Holleman is merely stating the fact that SDO policies  
 20 do not contain provisions relating to parties' consideration of royalty stacking or patent pool rates  
 21 in their opening offers; this is not a legal opinion. Nor does this statement directly or implicitly  
 22 contradict the Court's finding—the Court found that "a RAND *negotiation* would not be  
 23 conducted in a vacuum" and the parties would consider royalty stacking and patent pool rates  
 24 during their negotiation. Dkt. 673 ¶¶ 514, 539, 100 (emphasis added). "Typically, the SEP owner  
 25 and the potential licensee determine RAND terms through good-faith, bilateral negotiations, which  
 26 take place independent of ITU and IEEE's activities." *Id.* at ¶ 85. Mr. Holleman's opinion that  
 27 SDO policies do not require patent holders to consider royalty stacking or patent pool rates in

1 formulating their *opening offers* does not contradict this Court’s findings that the parties would  
 2 consider those factors during their *negotiations*.

3 Microsoft next contends that Mr. Holleman’s opinion that an initial offer need not be  
 4 RAND should be excluded as both a legal conclusion and an opinion that undermines the Court’s  
 5 prior rulings. On the contrary, this opinion is completely consistent with the Court’s prior rulings.  
 6 This Court held that, “[b]ecause the IEEE and ITU agreements anticipate that the parties will  
 7 negotiate towards a RAND license, it logically does not follow that initial offers must be on  
 8 RAND terms.” Dkt. 335 at 24 ; *see also* Dkt. 465 at 15 n.9 (“the court previously held that initial  
 9 offers for standard essential patents need not be on RAND terms”). Mr. Holleman’s opinion  
 10 regarding initial offers also is not a legal conclusion; his statement on the issue is that, “from an  
 11 SDO perspective, there is nothing that would lead one to conclude that an offering, initial offer has  
 12 to be RAND.” Dkt. 725-002 at 180:19-22. He goes on to explain that “[t]he SDO is concerned  
 13 about licenses . . . . There is . . . nothing that speaks to an initial offer.” *Id.* at 181:1-6. To the  
 14 extent that Microsoft seeks to exclude Mr. Holleman’s deposition testimony regarding whether an  
 15 opening offer can be “blatantly unreasonable,” Mr. Holleman made clear in the same statements  
 16 that Microsoft cites that he offers no opinion on that topic and instead defers to this Court’s  
 17 rulings. Berry Decl. Ex. A at 175:18-176:1; Dkt. 725-002 at 181:20-182:8.

18 Finally, contrary to Microsoft’s repeated claims, nothing in Mr. Holleman’s testimony  
 19 rejects or undermines the Court’s April 19 Findings of Fact and Conclusions of Law (Dkt. 673)  
 20 (“FFCL”). Mr. Holleman’s rebuttal report criticizes not the FFCL but Dr. Murphy’s reliance on  
 21 the FFCL “as a guide for how negotiations over standard-essential patents take place,”<sup>1</sup> since  
 22 parties would not typically have such a document available for their use during negotiations. Mr.  
 23 Holleman is not rejecting the Court’s determination or methodology; rather, his “disagreement is

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24  
 25 <sup>1</sup> Microsoft identified ¶¶ 4, 34, 47 of Mr. Holleman’s rebuttal report in the scope of requested  
 26 relief as to Mr. Holleman. (Dkt. 724 at 8). Mr. Holleman’s rebuttal report does not include ¶¶ 34  
 27 or 47. Therefore, Motorola interprets Microsoft’s request to only relate to ¶ 4 of Mr. Holleman’s  
 rebuttal report.

1 that Dr. Murphy assumes [the FFCL] as the basis for *all* bilateral negotiations.” Berry Decl. Ex. A  
 2 at 154:22-24 (emphasis added). As Dr. Murphy’s own rebuttal report and subsequent deposition  
 3 testimony make clear, the problem Mr. Holleman was identifying is temporal: “Parties  
 4 negotiating licenses to standard-essential patents *at the time* these parties were negotiating would  
 5 not have had the benefit of the [FFCL], or any document similar to it, to guide their negotiations.”  
 6 Dkt. 725-003, ¶ 4 (emphasis added); *see also* Berry Decl. Ex. A at 156:3-8 (“the Court’s Order did  
 7 not exist when Motorola made its RAND assurance. And certainly, such considerations are not  
 8 part of the SDO’s patent policies. That’s the only thing I’m saying about it.” ).

9 **B. Mr. Holleman’s Testimony Regarding Motorola’s Good Faith Is Admissible**

10 Microsoft contends that all of Mr. Holleman’s testimony related to whether Motorola’s  
 11 October 2012 letters “constituted Motorola’s good faith attempt to engage Microsoft in a licensing  
 12 negotiation” should be excluded as a legal conclusion. This argument by Microsoft ignores the  
 13 “well-established” legal rule, cited in several of the cases Microsoft relies upon, that “expert  
 14 testimony concerning an ultimate issue is not per se improper.” *Mukhtar v. Cal. State Univ.,*  
 15 *Hayward*, 299 F.3d 1053, 1065 n.10 (9th Cir. 2002) (citations omitted). In *Mukhtar*, the  
 16 defendants sought to exclude expert testimony regarding whether racism was a factor in a  
 17 university’s decision to deny the plaintiff tenure. *Id.* at 1057, 61. Importantly, the appellate court  
 18 rejected the district court’s decision to allow the testimony not because it focused on the ultimate  
 19 issue of the case, but because the district court had failed “to make *any* determination that [the]  
 20 testimony was reliable.” *Id.* at 1066 (emphasis original). Here, as in *Mukhtar*, Mr. Holleman’s  
 21 testimony references the ultimate issue of the case. However, unlike *Mukhtar*, Microsoft does not  
 22 even question that Mr. Holleman’s relevant experience makes his testimony reliable. *See also*  
 23 *RSUI Indem. Co., Inc. v. Vision One, LLC*, No. C08-1386-RSL, 2009 WL 5125420 at \*2 (W.D.  
 24 Wash. Dec. 18, 2009) (finding “experts’ opinions, based on their wealth of experience, is helpful  
 25 to the Court” involving conformance to industry standards.)

26 In any event, Mr. Holleman made clear during his deposition that he was not offering any  
 27 opinions on legal conclusions; instead, Mr. Holleman’s opinion is limited to his view that

Motorola's actions were consistent with its RAND obligations under the ITU and IEEE patent policies. *See e.g.*, Berry Decl. Ex. A at 63:2-4; Dkt. 725-001, ¶¶ 38, 60. Mr. Holleman's opinion that the October 2010 letters showed good faith on Motorola's part is based upon his reading of the letters themselves (Berry Decl. Ex. A at 128:22-129:15 ("in reading the letter, the, I think it's pretty evident that this is an attempt on Motorola's part to engage Microsoft in a negotiation for a license"); 164:15-165:7; 168:25-169:17) and Mr. Holleman's years of relevant experience in SDOs. Dkt. 725-001, ¶¶ 3-12. Furthermore, Mr. Holleman did not usurp the Court's role with regard to determining whether or not the royalty rates in those letters represent "good faith." As his deposition testimony makes clear, Mr. Holleman avoided offering that opinion entirely. Berry Decl. Ex. A at 168:11-15 ("Q. And you also will not be offering an opinion as to any aspect of whether particular negotiations, offers and counteroffers are in good faith or not? . . . A. That's right" ).

Mr. Holleman's testimony does not contradict or undermine this Court's prior rulings or improperly encompass legal opinions. His opinions should therefore be permitted in their entirety.

**II. GREGORY LEONARD'S OPINIONS DO NOT ENCOMPASS LEGAL CONCLUSIONS AND SHOULD NOT BE EXCLUDED**

Gregory Leonard is a Ph.D. economist who will rebut the testimony of Microsoft's Ph.D. economist, Dr. Kevin Murphy. The testimony of Dr. Leonard and Dr. Murphy is a prototypical example of qualified experts presenting opinion testimony that a jury must weigh and decide between to reach its decision. Recognizing that Dr. Leonard is extremely well qualified to present the opinions in his report, Microsoft seeks to exclude only certain portions of Dr. Leonard's report on the grounds that he is offering legal conclusions. Certain of these statements, however, are simply facts that Microsoft does not like and is attempting to conceal from the jury. Other statements permissibly offer an opinion on an ultimate issue, but are not legal conclusions. As a result, no portions of Dr. Leonard's report should be excluded.

1           **A. Microsoft Seeks To Exclude Certain Factual Statements By Misrepresenting**  
2           **Them As Legal Conclusions That Contradict This Court's Orders**

3           Microsoft seeks to excludes portions of Dr. Leonard's report by suggesting that Dr.  
4           Leonard has offered "legal conclusions contradicting the court's prior rulings." In reality,  
5           Microsoft seeks to exclude factual statements relating to Microsoft's conduct that Dr. Leonard  
6           found relevant to his analysis. These statements are not legal conclusions and thus, *a fortiori*, do  
7           not contradict any of this Court's rulings. Accordingly, this Court should not exclude such  
8           statements.

9           As one example, Microsoft seeks to exclude a statement from Dr. Leonard's report that  
10          "Microsoft filed this lawsuit without making any counter-offer or otherwise engaging in  
11          negotiation. Thus, Microsoft effectively ended the negotiation." Dkt. 725-4 at ¶ 78. But that  
12          statement is merely factual—it does not include any legal conclusions. The same is true of Dr.  
13          Leonard's other statements that Microsoft seek to exclude. *See id.* ¶ 79 (factual statements  
14          regarding possibility of continued negotiations); Dkt. 725-6 at ¶ 28 (statement that Microsoft's  
15          actions must be taken into account). Even if these statements could somehow be construed as  
16          legal statements (they are not), nothing in these statements contradicts any of this Court's rulings.  
17          In fact, the sentence that Microsoft cites from the Court's June 2012 ruling, Dkt. 335, that "the  
18          courthouse may be the only place to resolve the differences," provides no indication of when such  
19          relief may be necessary or appropriate or how the ability to seek such relief may affect  
20          negotiations. Dr. Leonard should not be precluded from detailing the parties' course of conduct in  
21          attempting to reach a RAND license.

22          Similarly, Microsoft misleadingly suggests that Dr. Leonard is contradicting the Court's  
23          rulings that "Microsoft was *not* obliged to negotiate with Motorola before filing suit." Dkt. 724 at  
24          p. 9. But Microsoft cites no such ruling. This Court, in rejecting Motorola's repudiation  
25          affirmative defense, held only that Microsoft was not obligated to negotiate in order to preserve its  
26          right to a RAND license. Dkt. 335 at 18 ("[I]t does not follow that negotiating in good faith is a  
27          condition precedent to Motorola's promise to grant license on RAND terms."). This ruling does  
28          not state that Microsoft's complete lack of negotiation prior to filing suit is irrelevant to

Motorola's defense in this suit. Microsoft states that "Leonard's apparent view is that by coming to the courthouse, Microsoft made it impossible to know whether Motorola was meeting its obligations," but does not explain how this statement is untrue or contradictory to this Court's orders. Dkt. 724 at pp. 9-10. Indeed, Microsoft bears the burden of proving a breach of the duty of good faith, and it is highly relevant to Microsoft's burden that Microsoft filed suit before seeing how any negotiation would progress.

Microsoft also argues—again, misleadingly—that Dr. Leonard "claims Motorola was free to ignore patent stacking when offering Microsoft a RAND license." Dkt. 724 at p. 10. But Dr. Leonard never opined that Motorola could "ignore" patent stacking. Rather, Dr. Leonard suggested that the inclusion of a patent stacking analysis in the ultimate RAND rate would come *later* in the analysis. "I do not agree that Motorola has a responsibility to conduct [a stacking] analysis *before making an initial offer*." Dkt. 725-4 at ¶ 81 (emphasis added). This section of Dr. Leonard's report reflects his opinion, based on his unquestionable expertise, of how a patent stacking analysis would fit into the requisite negotiations. As this Court has specifically held that the initial offer need not be RAND, but rather only the resulting license must be on RAND terms (Dkt. 335 at 24), and that the parties would consider royalty stacking and patent pool rates during their *negotiation* (Dkt. 673 ¶ 539), Dr. Leonard's opinion does not contradict this Court's orders.

The same is true of Dr. Leonard's statement that "*rather than this hypothetical royalty stacking calculation that Dr. Murphy suggests*, the relevant calculation would be the amount of royalties that Microsoft was actually paying to other 802.11 and H.264 SEP owners." Dkt. 725-6 at ¶ 7. Dr. Leonard in no way is implying "that it is irrelevant that Motorola's 2.25% demand, *if made by others*, would cause severe stacking problems." Dkt. 724 at 10 (emphasis added). In fact, just the opposite. He is explaining that an analysis of the *actual* circumstances would provide a more useful calculation than trying to imagine some unknown circumstances. Dr. Leonard has not opined on how stacking might eventually influence the RAND rate, other than to indicate it would be of a benefit to the licensee, and that information to conduct such an analysis is "something that Microsoft could have provided to Motorola had Microsoft engaged in

1 negotiations before filing its lawsuit.” Dkt. 725-6 at ¶ 7. This paragraph contains no legal  
2 conclusions, but instead suggests an alternative means of analysis to the method suggested by  
3 Microsoft’s expert.

4 Nor does Dr. Leonard’s statement that “RAND does not require an SEP owner to treat  
5 differently situated licenses similarly,” *id.* ¶ 19, qualify as a legal conclusion. Rather, Dr.  
6 Leonard, in evaluating all of the factors that might influence a negotiation, noted that different  
7 negotiations could have different results for different reasons. Microsoft cannot challenge the  
8 truth of this purely factual statement, as Microsoft itself “previously acknowledged to the Federal  
9 Trade Commission that provisions such as that proposed to Marvell (a defensive suspension  
10 provision) are not uncommon,” as Dr. Leonard notes in that very same paragraph.

11 Microsoft additionally requests that this Court prevent Dr. Leonard from offering an  
12 opinion on whether blatantly unreasonable offers necessarily breach a RAND commitment. Dkt.  
13 724 at p. 11. But nowhere in either of Dr. Leonard’s reports does the phrase “blatantly  
14 unreasonable” appear. Dr. Leonard only offered the opinion after counsel for Microsoft asked him  
15 this specific question during his deposition. Dkt. 725-5 at 42:10-13 (Leonard deposition) (Q: “Is it  
16 your opinion that in making an opening offer that is so high that it’s blatantly unreasonable, that  
17 that in and of itself would not be evidence of bad faith?”). If Microsoft does not want Dr.  
18 Leonard to offer such an opinion, than it should not have asked him to present one. If Microsoft  
19 asks this question at trial, as it did during Dr. Leonard’s deposition, Dr. Leonard should be  
20 permitted to answer truthfully. And if Dr. Leonard is not permitted to answer, then Microsoft  
21 should be barred from asking the question.

22 As these examples indicate, under the guise of its motion to exclude, Microsoft seeks to  
23 prevent the jury from considering Microsoft’s conduct. While it is true that this Court has rejected  
24 Motorola’s repudiation affirmative defense, such a ruling in no way bars the jury from evaluating  
25 Microsoft’s actions. Motorola did not send the offer letter that gave rise to this dispute in a  
26 vacuum. To disallow such evidence would provide the jury with a skewed and inaccurate picture  
27

of dealings between the two parties. The dealings between the parties are critical evidence for the jury to consider in evaluating Motorola's conduct in the fall of 2010.

**B. The Federal Rules of Evidence Permit An Expert To Offer Testimony On An Ultimate Issue And Dr. Leonard Should Be Permitted To Do So**

Microsoft is equally wrong to assert that Dr. Leonard may not offer an opinion on the reasonableness of Motorola's actions, whether Motorola acted in good faith or the ability of Microsoft to recover damages. Under well-established Ninth Circuit precedent, an expert may offer such testimony. *Mukhtar*, 299 F.3d at 1065 n.10. "Experts may opine about the 'ultimate issue' in a case as long as they do not make a legal conclusion." *RSUI Indem. Co., Inc.*, 2009 WL 5125420, \*2; Fed. R. Evid. 704(a). Thus, the fact that Dr. Leonard's opinion might encompass an "ultimate issue" does not make it impermissible. Rather, the Federal Rules of Evidence specifically allow such testimony. *RSUI Indem. Co., Inc.*, 2009 WL 5125420, at \*2 (holding that an expert may opine "about the reasonableness of [a party's] actions in terms of whether it complied with or deviated from industry standards").

After analyzing the entire realm of relevant factors, Dr. Leonard concluded that Motorola acted in good faith when making its initial offers. These conclusions are not legal conclusions, but rather conclusions as to the ultimate issue of good faith. "Testimony on ultimate issues of law . . . is different than testimony on ultimate issues to be determined by the trier of fact, which is expressly allowed under Federal Rule of Evidence 704." *Speicher v. Union Pac. R.R.*, No. C07-05524 RBL, 2009 WL 250026, \*2 (W.D. Wash. Feb. 2, 2009). Therefore, Dr. Leonard's conclusions, based on his unchallenged expertise, are proper. For the same reason, no basis exists to preclude the damages testimony of Dr. Leonard in paragraph 33 of his rebuttal report. *See id.* (permitting expert testimony on causation and fault). Dr. Leonard's opinions should be permitted in their entirety.

**III. JUDGE MAXIMILIAN HAEDICKE'S TESTIMONY WILL AID THE JURY AND SHOULD NOT BE EXCLUDED**

Judge Haedicke is an expert on German law and legal proceedings and will provide helpful testimony to the jury as it considers the options available to Microsoft when it faced patent

infringement proceedings in Germany. Without the information provided by this German law expert, the jury will have no way to evaluate Microsoft's claim that it was forced to take certain actions in Europe to avoid being enjoined and was allegedly damaged as a result. Microsoft mischaracterizes Judge Haedicke's report and testimony, but a fair reading of his proposed testimony reveals that it is focused, consistent with the Court's rulings and Rules of Civil Procedure, and will help the fact finder evaluate the ultimate issues in dispute, including Microsoft's failure to mitigate its damages. Furthermore, counsel properly objected to Microsoft's counsel's questions asking about Judge Haedicke's communications with Motorola's counsel in preparing his report; such communications are outside the scope of discovery pursuant to Rule 26. Microsoft has no valid basis to preclude Judge Haedicke's testimony and he should be permitted to testify regarding all opinions in his expert report.

**A. Judge Haedicke's Testimony Details How Microsoft *Could Have Mitigated Its Damages By Preventing An Injunction in Germany***

Microsoft is unable to find any fault with Judge Haedicke's credentials—he is a highly-qualified German judge and professor and an expert in German patent law. Dkt. 725-007 (Haedicke Rep.) at ¶ 1, Ex. A. Instead, Microsoft attempts to find fault with testimony that Judge Haedicke is *not* giving in this case. Microsoft repeatedly argues that Judge Haedicke opines about what Microsoft *should have* done in Germany. *E.g.*, Dkt. 724 at 1, 12, 15. Microsoft then criticizes Judge Haedicke for not having knowledge about Microsoft's facility relocation or the precise licensing rate a German court might have set in further Orange Book proceedings. Dkt. 724 at 12-15. This entire argument is a red herring. Judge Haedicke's report lays out what Microsoft *could have* done in Germany by explaining the German patent system and the available Orange Book procedures. This explanation will be helpful to the jury and should not be excluded.

Microsoft is not entitled to damages where it could have mitigated those damages. A party is "expected to take such affirmative steps as are appropriate in the circumstances to avoid loss by making substitute arrangements or otherwise." Restatement (Second) of Contracts § 350.

"Damages are not recoverable for loss that the injured party could have avoided without undue risk, burden or humiliation." *Id.* Microsoft claims that that it was "forced to relocate its EMEA

1 distribution center to the Netherlands in spring 2012” as a result of Motorola seeking injunctive  
 2 relief in Germany. Dkt. 732-001 at p. 27. Motorola is entitled to present information to the jury to  
 3 dispute Microsoft’s claim. Judge Haedicke will explain to the jury the legal options that were  
 4 available to Microsoft in Germany to avoid an injunction. This testimony will support Motorola’s  
 5 affirmative defense that Microsoft could have mitigated the damages it allegedly incurred from  
 6 relocating its distribution facility from Germany to the Netherlands. Microsoft’s potential options  
 7 for responding to Motorola’s German lawsuit are best described to the jury by a German patent  
 8 law expert, such as Judge Haedicke.

9 Judge Haedicke describes in his report the legal options that were available to Microsoft in  
 10 responding to Motorola’s lawsuit and request for an injunction in Germany. Under the “Orange  
 11 Book” procedure, Microsoft had two options to potentially avoid an injunction: In the first option,  
 12 Microsoft could choose a licensing rate itself; if Motorola rejected that rate as too low, then the  
 13 infringement court would review the information in front of it to determine whether Motorola’s  
 14 rejection violated German antitrust law. Dkt. 725-007 at ¶57. In this case, the German court  
 15 found that Motorola did not violate German antitrust law in rejecting Microsoft’s rate, and  
 16 therefore the German court issued an injunction when it found that Microsoft infringed Motorola’s  
 17 patents. *Id.* at ¶ 55.

18 Judge Haedicke also describes the other option that Microsoft *could have* chosen in order  
 19 to completely avoid an injunction. Under that option, known as a Section 315 procedure,  
 20 Microsoft could have allowed Motorola to set the royalty rate or requested that a German court set  
 21 the royalty rate, and escrowed money to cover that amount. Dkt. 725-007 at ¶¶ 57-58. If  
 22 Microsoft had done the latter, a separate proceeding would have commenced whereby the German  
 23 court would hear full evidence about the value of the patents and then set a royalty rate.<sup>2</sup> In this  
 24

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25  
 26 <sup>2</sup> Microsoft is incorrect to state that the Orange Book procedure is “conclusively proven to  
 27 produce a non-RAND outcome.” Dkt. 724 at p. 15. As Microsoft did not choose to utilize the  
 28 Section 315 Orange Book procedure that would have led to a full evidentiary hearing before a  
 (footnote continued)

1 situation, Microsoft *definitely could have avoided an injunction. Id.* It is not true that “Haedicke  
 2 conceded that he had no idea what would have happened in Germany if Microsoft followed the  
 3 Orange Book procedure.” Dkt. 724 at p. 12. In fact, Microsoft’s counsel asked Judge Haedicke “I  
 4 understood the conclusion of your expert report was that Microsoft could have avoided an  
 5 injunction in Germany by following the Orange Book procedure; correct?” and Judge Haedicke  
 6 responded “That’s correct.” Dkt. 725-008 (Haedicke Depo.) at 52:11-15; *see also* Berry Decl. Ex.  
 7 B at 53:25-54:5. Microsoft’s own German law expert, Dr. Theo Bodewig, agreed that Microsoft  
 8 could have avoided an injunction by utilizing the Section 315 procedure:

9 Q: So given the explanation you’ve given us about the Orange  
 10 Book ruling and the two procedures, it’s correct that Microsoft could  
 11 have avoided an injunction if it had followed the second alternative  
 and placed into escrow an amount that Motorola demanded.  
 Correct?

12 A: Possible.

13 Q: Well, in your view, that’s correct.

14 A: Yeah.

15 Dkt. 732-7 (Bodewig Depo.) at 121:1-9. Judge Haedicke does not purport to make conclusions  
 16 about what Microsoft *should have* done; instead, this is a question for the jury once it has heard all  
 17 of the options that were available to Microsoft at the time. That Judge Haedicke cannot speculate  
 18 about what royalty rate a German court might have set is not relevant; his testimony highlights  
 19 that Microsoft had options available to it under German law that would have enabled it to avoid an  
 20 injunction if it had chosen to do so.

21 **B. Motorola’s Counsel Properly Objected To Questions Calling For Judge**  
 22 **Haedicke’s Communications With Motorola’s Counsel**

23 Microsoft complains in its motion that Motorola objected to certain questions posed during  
 24 Judge Haedicke's deposition. Dkt. 724 at pp. 13-14, 16. Motorola's objections were entirely  
 25 proper; it was Microsoft that sought improper information and failed to conduct any follow up to

26 \_\_\_\_\_  
 27 German court, which then would have determined a royalty rate, there is no evidence as to what  
 rate the German court would have set.

try to remedy its poorly phrased questions. Microsoft counsel's deposition questions violated the protections of Federal Rules of Civil Procedure Rule 26 and Motorola's counsel properly objected to those questions.<sup>3</sup> Microsoft's counsel asked the witness "Did you ask *Motorola's counsel* or anyone at Motorola whether Motorola planned to enforce the Mannheim judgment against Microsoft?" Dkt. 725-008 at 102:25-103:2 (emphasis added). Rule 26 protects "communications between the party's attorney and any witness required to provide a report under Rule 26(a)(2)(B), regardless of the form of the communications" except for the expert's compensation or any facts or assumptions relied upon by the expert in preparing his report. F.R.C.P. Rule 26(b)(4)(C). Microsoft's counsel's question facially violates Rule 26(a)(2)(B) by asking for communications between Judge Haedicke and Motorola's counsel. Microsoft's counsel did not rephrase or narrow the question to exclude Judge Haedicke's communications with counsel. Judge Haedicke is not relying on any facts or assumptions provided by counsel relating to whether Motorola intended to enforce a German injunction. Instead, Judge Haedicke's report states that an injunction does not automatically subject the defendant to enforcement proceedings and describes the steps that a patent holder must take to enforce an injunction. Dkt. 725-007 at ¶¶ 59-61. Judge Haedicke does not state any opinions about whether Motorola intended to enforce an injunction in this specific situation. In any event, Judge Haedicke testified that he had "no information" about whether Motorola would have enforced its German injunction. Dkt. 725-008 at 104:1-7. Further questions about who he asked about it are irrelevant when he had already testified that he had no information about the topic; nor is any such information relevant to the opinions he gave in his expert reports.

**C. Microsoft Mischaracterizes Judge Haedicke's Testimony Regarding U.S. Courts' Orders and German Law**

Microsoft attempts to paint Judge Haedicke as dismissing U.S. law and this Court's orders as "irrelevant" or having "no authority." These statements blatantly mischaracterize Judge

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<sup>3</sup> Even if Motorola's counsel misspoke to call the protected communications "attorney-client" communications rather than communications protected under Rule 26, the communications were indeed protected. Microsoft waived any dispute to the phrasing of the objection by not raising it at the deposition or engaging counsel in any dialogue regarding the applicable privilege objection.

Haedicke's actual testimony on these topics. Judge Haedicke did not say that he "believes this Court has no authority to set a worldwide RAND rate." Dkt. 724 at p. 15. Instead, when asked whether a "RAND royalty determined by a U.S. court and a RAND royalty in Germany are two different things," Judge Haedicke responded "Not necessarily, but it's—the German patent procedure is completely independent and has its different law of civil procedure, and all facts will be assessed by the German courts, and, of course, German judges will look what the American judges have done, but they are by no means bound by what has been done in the U.S.—in the U.S., so it's completely different and completely independent from each other." Dkt. 725-008 at 80:18-81:3.

Judge Haedicke also did not say that "this Court's RAND determination is irrelevant in Europe." Dkt. 724 at p. 15.<sup>4</sup> When asked a series of questions about how statements of the European Commission affect U.S. courts generally and vice versa, Judge Haedicke merely responded by saying that he was not sure whether the European Commission would find a decision made by an authority outside the reach of European Union law to be binding on it. "I just said, with all due respect to the court, it's not bound by the European Union law, and I—I'm not sure. I would—I would have to go further into details, of course. I'm not sure whether an authority outside the use scope—outside the reach of European Union law would be found to be

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<sup>4</sup> Microsoft also improperly asserts that "European antitrust law bars Motorola from pursuing injunctions against licensees willing to submit to a RAND determination." Dkt. 724 at p. 15. This is false. On May 6, 2013 the European Commission issued a Press Release in a different case— involving Apple and Motorola—stating its *preliminary* view that "under the specific circumstances of this case—a previous commitment to license SEPs on FRAND terms and the agreement of Apple to accept a binding determination of the terms of a FRAND licence for SEPs by a third party—recourse to injunctions harms competition." Dkt. 732-009 at p. 2. The Commission clarified that the "preliminary view expressed in today's Statement of Objections does not question the availability of injunctive relief for SEP holders outside the specific circumstances present in this case . . . ." *Id.* Not only is this statement not applicable to this case, but it also is not binding, as it is merely a preliminary statement; "[t]he sending of a Statement of Objections does not prejudice the final outcome of the investigation." *Id.* at p. 1. Microsoft's own expert confirmed that the European Commission has not yet made any binding decisions in this area. Dkt. 732-7 at 40:25-41:13.

sufficient under this declaration. But again, this is speculation.” Dkt. 725-008 at 95:15-23. Judge Haedicke’s opinion in no way “entails a fundamental rejection of the Court’s entire Findings of Fact and Conclusions of Law.” Dkt. 724 at p. 15. Judge Haedicke is not an expert on U.S. law and does not purport to offer any opinions about U.S. law or the actions of this Court. Instead, Judge Haedicke describes the different options that were available to Microsoft under German law in order to avoid an injunction. Microsoft made a decision not to take the option that would have ensured that no injunction would issue; Motorola is entitled to present those options and Microsoft’s actions to the jury through an expert in German patent law who can properly explain to the jury how the German patent system works.

Microsoft claims that Motorola should “not be permitted to second-guess” this Court’s decision to bar Motorola from enforcing a German injunction through expert testimony. Dkt. 724 at pp. 15-16. Motorola is doing no such thing. Judge Haedicke does not purport to offer any opinions about whether this Court or the Ninth Circuit properly barred Motorola from *enforcing* its German injunction. Instead, Judge Haedicke explains the procedure that Microsoft could have used in Germany in order to prevent the German court from ever *issuing* an injunction. Microsoft could have used that procedure long before this Court issued its opinion.<sup>5</sup>

**D. Judge Haedicke Is Qualified To Opine About Attorneys’ Fees That Would Be Available in Germany**

Microsoft claims that it is entitled to over \$2.5 million in attorneys’ fees as damages for defending against the lawsuits that Motorola filed in Germany. Dkt. 723-001 at p. 7. Motorola should be permitted to present expert testimony to dispute that Microsoft is entitled to fees in that amount. Under German law, attorneys’ fees for prevailing parties are determined based on a specific statutory calculation from the Act on the Remuneration of Lawyers. Dkt. 725-009

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<sup>5</sup> Motorola filed its infringement lawsuits in Germany on July 6 and July 7, 2011. Dkt. 732-001 at p. 26. According to Microsoft employees Jeff Davidson and Owen Roberts, Microsoft made the decision to move out of Germany no later than March 2012. Dkt. 732-004 at 56:3-19; Dkt. 732-005 at 15:18-16:1. Microsoft did not file its antisuit injunction with this Court until March 28, 2012. Dkt. 209. This Court granted Microsoft’s motion on April 12, 2012. Dkt. 261.

(Haedicke Rebuttal Rep.) at ¶ 7. Under German law, there is no basis for the recovery of attorneys' fees that are higher than the statutory fees unless the parties have agreed otherwise. *Id.* at ¶ 14. Judge Haedicke provides relevant opinions about the amount of attorneys' fees that would be statutorily available to Microsoft if Microsoft were to prevail on its claims in Germany. *Id.* at ¶ 6. Currently, Motorola is the prevailing party, so Microsoft is not entitled to any attorneys' fees in Germany. *Id.* Judge Haedicke, however, analyzes the fees that would be statutorily available to Microsoft if it were to prevail in the case. Judge Haedicke is familiar with the German fee-shifting statute that describes how attorneys' fees are to be calculated and is familiar with how to use software that performs that calculation. *Id.* at ¶¶ 7-13, 27. Using that software, Judge Haedicke determined that Microsoft is attempting to recover fees for the work of Freshfields Bruckhaus Deringer that are nearly five times the amount of fees that are statutorily available to Microsoft under German law. *Id.* at ¶¶ 28-29. Microsoft is unable to point to any errors in Judge Haedicke's methodology, yet it is attempting to prevent the jury from hearing these facts. That Judge Haedicke has not written any papers about how to insert numbers into a formula does not make him unable to adequately explain to a jury how fees are calculated in Germany. This is precisely the type of testimony that is helpful to a jury, as a jury will not be familiar with German law or how attorneys' fees are calculated in Germany without the aid of expert testimony.

It is irrelevant that Judge Haedicke did not explain "the relevance of his testimony." Dkt. 724 at p. 16. An expert need not offer an opinion about legal strategy; instead, Judge Haedicke is providing useful information to the jury about how attorneys' fees are calculated in Germany. Further, Microsoft's counsel interrupted Judge Haedicke as he was answering what his understanding of the relevance was and pressed him to answer "Did anyone explain to you why it's under discussion?" Dkt. 725-008 at 115:22-116:12. This question clearly implicates discussions between Judge Haedicke and Motorola's counsel and was improper under Rule 26(b)(4)(C), as explained above.

Judge Haedicke's testimony regarding German patent law, the Orange Book procedure, and statutorily available attorneys' fees is relevant to the case and useful to the jury and should be permitted in its entirety.

**IV. BRADLEY KELLER'S TESTIMONY IS PROPER AND SHOULD NOT BE EXCLUDED**

Microsoft claims attorney fees as a measure of its contract damages. Mr. Keller, the managing partner of a Seattle law firm for more than 25 years, seeks to offer expert testimony on the reasonableness of Microsoft's attorney fees as well as Microsoft's methodology in determining and apportioning those fees. Because Microsoft seeks these attorney fees as damages, the jury will be determining the reasonableness of the amount of fees Microsoft seeks. No basis exists for excluding Mr. Keller's testimony on the reasonableness of attorney fees and such testimony will necessarily help the members of the jury who likely are unfamiliar with the billing practices of lawyers. To the extent Microsoft seeks to prevent Mr. Keller from offering legal conclusions about the propriety of Microsoft seeking such legal fees as damages, Motorola will not be offering Mr. Keller for such a purpose.

**A. Microsoft Offers No Basis for Excluding Mr. Keller's Analysis of Microsoft's Unreliable Methodology, Yet Asks The Court To Exclude Mr. Keller's Opinions In Their Entirety**

As an initial matter, although Microsoft seeks to exclude the *entirety* of Mr. Keller's report, Microsoft raises no objection to—and does not even acknowledge—the analysis Mr. Keller provides in *over half* of his report that does not involve the reasonableness of attorney fees. Only the last three pages of Mr. Keller's report relate to the reasonableness of Microsoft's attorney fees, yet that is the only topic that Microsoft discusses in its motion. The rest of the report consists of Mr. Keller's analysis of Microsoft's obligation to contemporaneously identify and segregate attorney fees for each matter and appropriately allocate fees. Microsoft has no basis to exclude these opinions criticizing its damages calculation methodology and yet *asks the Court to exclude these opinions anyway*. Microsoft's attempt to exclude an entire report without explaining to the Court that its reasoning applies to the opinions expressed in only three pages of the report is

dishonest and misleading. Mr. Keller's testimony relating to Microsoft's improper damages

1 calculation methodology will be useful for the jury and should be permitted. Microsoft has  
2 waived any argument claiming otherwise.

3 **B. Mr. Keller Is Qualified To Offer An Opinion On The Reasonableness of**  
4 **Attorney Fees**

5 Mr. Keller should also be permitted to testify regarding the reasonableness of Microsoft's  
6 attorney fees. Microsoft contends that Mr. Keller is not qualified to render an opinion on attorney  
7 fees because he is not an expert in ITC practice, in injunctions, or in standard-essential patents and  
8 has no technical background. Dkt. 724 at p. 19. While these factors may be considered in  
9 determining reasonable fees, they are not necessary; Mr. Keller has used rates of the highest-paid  
10 Seattle attorneys. *See, e.g.*, Dkt. 726-4, Exh. 11, att. 4 (sealed version showing rates of attorneys  
11 C. Phillips and R. Cederoth). Microsoft, a Seattle-based company, cannot dispute that some of  
12 these Seattle attorneys practice before the ITC. And Mr. Keller testified at his deposition that he  
13 specifically examined the admissions requirements to practice before the ITC to make sure a  
14 Seattle attorney could practice in such a case. Dkt. 725-10 at 45:8-20 (Keller deposition). Further,  
15 Microsoft's attack on Mr. Keller's lack of technical background ignores the fact that Mr. Keller  
16 specifically included in his analysis whether an attorney has specialized technical background and  
17 increased rates accordingly. *See* Dkt. 725-11 at ¶ 14. This attack is particularly unfounded  
18 because, as Mr. Keller noted, Sidley charged Microsoft "a premium for [some attorneys']  
19 expertise but the individuals' area of expertise did not appear to be particularly relevant to the  
20 work they were doing." *Id.* at ¶ 15.

21 As support for this argument, Microsoft relies on a case not involving attorney fees at all—  
22 *LuMetta v. U.S. Robotics, Inc.*, 824 F.2d 768, 771 (9th Cir. 1987). That case involved a dispute  
23 over whether a contract called for a fixed 5% commission or a variable commission. *Id.* at 769.  
24 And the expert testimony excluded related to industry custom and practice testimony concerning  
25 how to interpret the contract. *Id.* at 771. Such circumstances provide no useful comparison to  
26 Mr. Keller's testimony. In the other case Microsoft cites, *Common Cause v. Jones*, 235 F. Supp.  
27 2d 1076 (C.D. Cal. 2002), the expert's "only relevant qualifications appear to consist of four years  
28 as an associate with two area law firms—ending in 1994." *Id.* at 1079 n.1. It is undisputed that

Mr. Keller has been practicing law in Seattle for more than 30 years, has been the managing partner of a Seattle law firm for 25 years, keeps apprised of Seattle prevailing rates and the requisite skills and experience needed, and has testified previously as an expert on attorney fees. His analysis will be useful to the jury.

Microsoft's argument that Mr. Keller is not qualified to opine on the reasonableness of attorney fees incurred for actions in other jurisdictions ignores the fact that Microsoft has provided absolutely no breakdown of its attorney fees by jurisdiction. Dkt. 724 at p. 17. Mr. Keller specifically mentioned this fact in his deposition in response to questioning. Berry Ex. C at 83:7-16 ("Q. Now, be [sic] the only Sidley fees for which Microsoft is seeking reimbursement that were incurred in connection with a lawsuit that originated in Seattle are the fees associated with the antisuit injunction motion that was filed in the 1823 proceedings in March 2012; isn't that correct? A. I'm aware that that's what Mr. Killough testified. The problem is you can't tell that from the review of the billings and the allocations and the methodology."). Microsoft should not be able to use its own failure to maintain adequate records as a reason for excluding Mr. Keller's testimony. Mr. Keller reasonably used Seattle—the jurisdiction of the lawsuit in which Microsoft filed this lawsuit and seeks the attorney fees—as a point of reference. Microsoft's objections thus go to weight, not admissibility. *Primiano v. Cook*, No. 598 F.3d 558, 565 (9th Cir. 2010) (quotation omitted) ("When an expert meets the threshold established by Rule 702 as explained in Daubert, the expert may testify and the jury decides how much weight to give that testimony."). Because Microsoft has failed to provide such information, Microsoft should be barred from arguing that Mr. Keller did not conduct his analysis based on such information.

**C. Mr. Keller's Testimony Will Assist The Jury**

Microsoft makes the baseless argument that Mr. Keller's testimony will not assist the jury because "[t]he fact that attorney billing rates are generally higher in larger markets is well-known." Dkt. 724 at p. 22. This argument ignores the fact that, because Microsoft seeks these attorney fees as damages, the jury will decide any appropriate award. It is inconceivable that every potential juror in the Western District of Washington is familiar with prevailing attorney fee

rates. Indeed, it is not even likely they will have any such knowledge. The case Microsoft cites permits the admission of expert testimony on attorney fees, despite the fact that, in that instance, a trial judge—and not a jury—was the trier of fact. *In re Parsons*, No. 7-09-15382JR, 2010 WL 3547601, at \*2 n. 3 (Bankr. D.N.M. Sept. 9, 2010) (“The Court will admit the proffered expert testimony and will give the testimony the weight the Court deems appropriate.”). Trial judges (usually former practicing attorneys themselves) have significantly more knowledge about attorney billing than a lay person. In fact, in the other case Microsoft cites in support of this argument, *In re Terex Corp.*, 70 B.R. 996 (Bankr. N.D. Ohio 1987), the court excluded such evidence precisely because the judge for the court in that instance had “*consistently reviewed these matters in its almost thirty-year tenure.*” *Id.* at 1001 (emphasis added). The jury certainly will not have such experience on which to rely and Mr. Keller’s testimony will thus necessarily help the trier of fact—the average citizen in the Western District of Washington.

**D. Mr. Keller Will Not Be Testifying As To Any Legal Conclusions**

Microsoft seeks to exclude Mr. Keller’s testimony as to the ability of Microsoft to recover attorney fees as damages. Dkt. 724 at p. 22. As Mr. Keller noted at his deposition, he undertook that analysis voluntarily to address the unique situation in which a party seeks attorney fees as damages without any statutory, contractual, or equitable basis for doing so. Motorola does not intend to elicit from Mr. Keller at trial his opinion on Microsoft’s basis for seeking attorney fees. It is, however, perfectly appropriate for Mr. Keller to testify as to his experience in the general application of the American Rule, without offering an opinion on whether it should apply in this instance, and to explain that Microsoft would have incurred fees even if Motorola had not been pursuing injunctive relief. Thus, only the final sentence of paragraph 5a and the final sentence of paragraph 9 need be excluded. The other testimony Microsoft seeks to exclude as legal conclusions are not, in fact, legal conclusions.

This Court should reject Microsoft’s claim that testimony from Mr. Keller would be unduly prejudicial. Dkt. 724 at p. 24. Given that Mr. Keller will not be testifying as to Microsoft’s legal ability to recover fees, no risk exists that “the jury may believe the attorney-

witness, who is presented to them imbued with all the mystique inherent in the title ‘expert,’ is more knowledgeable than the judge in a *given area of the law*.” Dkt. 724 at p. 24 (quoting *Specht v. Jensen*, 853 F.2d 805, 809 (10th Cir. 1988)) (emphasis added). No risk of prejudice exists from a jury hearing an attorney-witness testify on the reasonableness of attorney fees, as reasonableness is a factual inquiry. Mr. Keller’s decades-long experience as a Seattle attorney gives him unique insight into the reasonableness of Microsoft’s fee request. Indeed, courts commonly turn to lawyers to discern the reasonableness of attorney fees and no reason exists to exclude Mr. Keller here.

As Mr. Keller is well-qualified to testify on the reasonableness of attorney fees, and as such testimony will assist the jury, the court should permit the testimony of Mr. Keller in its entirety with the exception of the final sentence of paragraph 5a and the final sentence of paragraph 9.

### Conclusion

For the foregoing reasons, Microsoft’s motion should be denied.

DATED this 12th day of July, 2013.

Respectfully submitted,

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**CERTIFICATE OF SERVICE**

I hereby certify that on this day I electronically filed the foregoing with the Clerk of the Court using the CM/ECF system which will send notification of such filing to the following:

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DATED this 12th day of July, 2013.

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